For at least the last ten years, ship recycling yards in five countries have been recycling 97% of the world’s tonnage. The five countries are: Bangladesh, China, India, Pakistan and Turkey. Together they provide an essential service to the shipping industry. They also contribute to sustainable development because virtually every part of a ship’s hull, machinery, equipment, fittings and even furniture is recycled for re-use in many different sectors; this is especially the case in the three less developed recycling countries, where the recycling industry creates much needed economic development for local and regional communities by the large-scale direct employment it brings; by the additional employment and economic activity its associated industries generate; and by the large scale trading it generates in second hand equipment and machineries.

There are also important benefits to the economies of all recycling countries from the recycling of steel, wood, machinery and equipment that would otherwise have to be imported.

While the principle of ship recycling is a sound one, not only from the perspective of an environmentally sound industrial activity but also in view of the fact that the sector fulfils a very real and important social-economic function, the working practices and environmental standards in recycling yards often leave much to be desired. Therefore, in the last twenty years, the way ships are broken up, dismantled, scrapped, and recycled has come under the spotlight, mostly as a result of persistent campaigns by civil society activists. They have illuminated but also exaggerated the conditions and the hazards in the recycling yards of the sub-continent and initiated public relations battles in a number of countries in order to catch and keep the attention of the press, of politicians and of administrations. While their role in highlighting existing problems and widening awareness of them cannot be dismissed, it is also the case that their campaigns have not been entirely truthful, based on selective exaggerations, misunderstandings and misinterpretations of given situations. Be this as it may, what matters is that there is now a concerted move towards improving the safety and environmental performance of the ship recycling sector as our societies have responded decisively, both at governmental and at corporate levels, to rectify identified problems.

The first effort towards establishing a common, international regime for the regulation of ship recycling was made in 1999 when it was agreed to consider implementing an international convention already in force. I am referring to the “The Basel Convention on
the Control of Transboundary Movements of Hazardous Wastes and their Disposal” whose purpose is to protect human health and the environment against the adverse effects resulting from the generation and management of hazardous wastes. However, the Basel Convention, which was adopted in 1989 and entered into force in 1992, was not developed with international shipping in mind and, therefore, it is not based on the governance principles under which ships engaged in international trade operate. For this reason, in the few occasions that States have tried to enforce the Basel Convention to end-of-life ships, serious difficulties have arisen. Consequently, the Conference of the Parties to the Basel Convention, in 2004, invited IMO as the competent body for setting standards for international shipping to consider the establishment of mandatory requirements that would ensure the safe and environmentally sound management of ship dismantling. Thereafter, in December 2005, IMO’s governing Assembly recognized: “the urgent need for the Organization to contribute to the development of an effective solution to the issue of ship recycling that will minimize …… the environmental, occupational, health and safety risks related to ship recycling, taking into account at the same time the particular characteristics of world maritime transport …”. Barely three and a half years later, in May 2009, the diplomatic conference that was convened by IMO in Hong Kong adopted the “Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009”, also known as the Hong Kong Convention.

When the Hong Kong Convention enters into force, it will provide the world with a standard for universal application which is inclusive, realistic, achievable and effective and which over time will become an unquestionable part of the fabric of the shipping industry.

In the meantime, and until the Convention enters into force, a number of shipowners are already voluntarily implementing some of the technical standards of the Convention, by developing for their ships Inventories of Hazardous Materials, by requesting that the ship recycling facility provides them with an appropriate Ship Recycling Plan, and by opting for what has come to be known as “green ship recycling”. This, more often than not, means selling their end-of-life ships to one of the reputable yards in China, generally at a price which is around $50 to $70 per light ton less than what he would be paid by recycling yards in South Asia. So, for a ship of 10 to 15 thousand light tons, the owner can easily pay a price for green recycling totalling between half to more than three quarters of a million dollars. This is a not insubstantial sum of money to be ‘out of pocket’ for!

A company that voluntarily carries a sizeable cost for practising green ship recycling is a most powerful example to the rest of its industry, to its clients, and to society. Such companies can claim to be leaders, ahead of the rest, showing us the way to the better future we long for.

However, it is not all quite that straightforward. Choosing a reputable yard in the context of CSR requires making a judgement on standards that are not absolute. Travellers to places like Bangladesh will be surprised, like I was, to see people sitting on the flat roofs of moving buses. It is obvious that metrics such as the “Cost to Avert one Fatality” cannot be the same in Bangladesh as for example in USA. And this leads me to question, not entirely seriously, whether a car manufacturer in, say, Japan should, on the basis of CSR, not export cars to Bangladesh because of its poorer road safety standards. On a more serious vein, however, a CSR-driven decision to recycle ships exclusively in one country on the basis of its clearly higher safety and environmental standards, risks losing sight of certain important and relevant considerations.
In both India and Bangladesh, there are recycling yards which are implementing **gradual improvements** to safety, to environmental protection, and to social welfare. The owners of these yards need – and deserve – to be supported by the custom of quality shipowners, so that their businesses can prosper and so that they can become examples to be imitated by the rest of the recycling industry in their country. If, on the other hand, these yards are not positively favoured by the socially responsible shipowners, then how will safety, environmental and welfare improvements be fuelled in the countries that need them most?

The point I wish to bring across is that shipowners should not blindly practise CSR, by choosing to work only with those recycling yards that already apply the highest standards. ‘Blind CSR’ will not bring about the desired, universal application of the Hong Kong Convention (or would certainly delay it).

Would it be too far-fetched to propose to a socially responsible shipowner, to recycle one or more of his ships in a South Asian yard that is implementing improvements and to donate the extra payment of $50 per light ton to a fund established by a trustworthy UN agency, whose purpose would be, for example, the creation of a waste management infrastructure? Is it not socially responsible – and indeed ethical – to give work when we can to those who need it, rather than to turn our back to them?

I look forward to a lively discussion!

Thank you.